

6 PES - Tuncurry CBD Project

Index: Tuncurry Town Centre

Author: Economic Development Manager - Deb Tuckerman

Ordinary Meeting: 27 July 2010

SUMMARY OF REPORT:

This report outlines the justification for and approach taken to date to investigate the establishment of a major anchor supermarket within the Tuncurry town centre.

It seeks Council support to proceed with the preparation of a detailed report indicating how Council may be able to facilitate the development of the proposed supermarket and to submit a Planning Proposal to the Department of Planning indicating Council's desire to rezone the subject land to facilitate such a supermarket development.

A voluntary acquisition process is underway to enable Council to obtain the remaining lot required to facilitate the development of car parking associated with the proposed supermarket development. However a Council resolution is needed should an agreement not be reached, to proceed with a compulsory acquisition process.

Council's approval is also requested to provide written termination notice to the Lessee of 17 Peel Street Tuncurry (used for Homebase Youth Services) in order to give the proposed development the opportunity to progress in a timely manner.

SUMMARY OF RECOMMENDATION:

It is recommended that:

1. The General Manager prepare a detailed report for Council covering the issues raised in this report and options available so as to facilitate the development of a major supermarket anchor on the identified site within the Tuncurry town centre; and
2. Council endorse the submission of the attached draft Planning Proposal to the Department of Planning (in accordance with s55 of the Environmental Planning and Assessment Act, 1979), indicating Council's intention to amend the Great Lakes Council LEP 1996 in accordance with the proposed zoning map contained in the Planning Proposal (relating to Lot 1 DP 305223, Lot 1 & 2 DP 577194 and Lot 4 DP 759005) to enable the establishment of a major anchor supermarket within the Tuncurry town centre.
3. If agreement is not reached on the acquisition of the remaining property, Council authorise the commencement of proceedings to acquire the property pursuant to Section 186(1) Local Government Act 1993 by compulsory process in accordance with the Land Acquisition (Just Terms Compensation) Act 1991.
4. Council provide twelve (12) months written notice to the Lessee of Lot 5 DP 416145, 17 Peel Street Tuncurry (on which is constructed the building known as the Homebase Youth Service), in accordance with the lease agreement between Council and the Lessee (Great Lakes Community Resources).

FINANCIAL/RESOURCE IMPLICATIONS:

The cost of employing consultants to investigate the options to attract a major anchor supermarket to the Tuncurry town centre has been funded through the Land Development Reserve.

Details of land acquisition required to facilitate the proposed development will be the subject of a further report to Council.

POLICY IMPLICATIONS:

Proceeding with the attraction of a major anchor store within the Tuncurry town centre will implement an important component of the Forster Tuncurry Employment Land Implementation Strategy (2009).

The proposed development which is the subject of this report is also consistent with the vision developed for the Tuncurry CBD in the Urban Design & Density Review - Forster Tuncurry & Tea Gardens / Hawks Nest (2008).

LEGAL IMPLICATIONS:

The rezoning process must follow the requirements of the Environmental Planning and Assessment Act 1979. The undertaking of compulsory acquisition (if required) must meet the requirements of the Land Acquisition (Just Terms Compensation) Act 1991.

LIST OF ANNEXURES:

A: Site map

LIST OF ATTACHMENTS:

A: Draft Planning Proposal - Tuncurry Supermarket Site

Due to its large size, Attachment A has been circulated in hard copy to Councillors and Senior Staff only as a paper conservation measure. However, this Attachment is publicly available on Council's Website, copies are available at Council offices and copies are available on request.

REPORT:

Background:

Council adopted the Forster Tuncurry Employment Land Implementation Strategy ('the Employment Land Strategy') in November 2009. The Strategy was prepared by consultants Hill PDA. At the same meeting, Council resolved inter alia:

'That a Council workshop be held to consider strategies in relation to retail challenges in Tuncurry particularly to address the imbalance identified in the Employment Land Strategy.'

In regard to the Tuncurry centre, the Employment Land Strategy states:

'The existing Centre located along Manning Street, Tuncurry (predominantly between Lake Street to the north and Catherine Street to the South) is one of the key centres in the Study Area. It is the first centre visitor's encounter on approach from the Pacific Highway (from the north) and therefore plays a gateway role for the Study Area. In order to support the economic performance of Tuncurry and its ability to meet the needs of local residents, we believe that the Manning Street Tuncurry centre should be the main focus for employment growth.' (p. 171).

The report further states:

'The commercial focus of the Manning Street, Tuncurry Centre should be supported by its growth as a retail centre providing a range of grocery goods and services required by not only local residents but also a component for tourists. Of particular importance to the strength of the centre will be its ability to attract a second anchor store (such as a major supermarket tenant or discount department store) to the centre or the extension of the existing anchor tenant.' (p. 172).

The Employment Land Strategy also quotes the draft Manning Street Land Use and Zoning Study 2006 which states that *'due to fragmentation, building and land constraints it is unlikely that Manning Street will be able to cater for the majority of retail/commercial needs for the medium term future population.'* (p.172) and provides the following comments:

'There are a number of planning mechanisms that may be applied to address this issue. One option is the rezoning of additional land surrounding the centre. In theory this is an attractive option as it may create additional land for a new anchor store, furthermore this option accords with the policy direction recently established by the DoP's draft Centres Policy 2009. In practice however, the rezoning of additional land is only of benefit if there is a large site in single ownership adjacent to the centre, or capable of amalgamating into single ownership.'

'This option is also only beneficial if land surrounding the centre has a land value that would facilitate the viable development of a supermarket. Given the significant heights permitted within the centre and surrounding the centre, this option may not however be workable as the development of tall residential buildings is likely to be the 'highest and best use' of the land for economic reasons.'

'Without designating the centre for commercial uses only (ie the B3 Commercial Core Zone), it is not possible to eliminate the land value uplift created as a result of higher density residential being permitted in the centre. Hill PDA's experience in other LGAs (such as Woollahra, Warringah and Lane Cove) has however identified an alternative option.' (p.172-173).

An alternative option contained in the Employment Land Strategy relates to the existing Council owned lots designated as 5(a) Special Use at the junction of Kent Street and Peel Streets. Based on desk top analysis, the consultants who prepared the Employment Land Strategy indicate that the site could facilitate a full line supermarket or alternative anchor store.

As stated in the Strategy, *'In order to establish the parameters of what would be viable for development on the site, as a first step we recommend that Council engages experienced consultants to review land values and the feasibility of various mixed use development options on the Council owned site.'* (p.173).

Approach:

To explore potential options within the Tuncurry town centre, Council engaged consulting firm Projects & Infrastructure. Projects & Infrastructure are working with two other NSW councils on their major development projects.

The primary objective of the overall project is to facilitate the establishment of a major anchor supermarket within the existing Tuncurry town centre in order to achieve the following outcomes:

- Reinforce future economic viability of Tuncurry from a retail/commercial standpoint;
- Promote urban renewal within the subject site and surrounding businesses; and
- Maintain a compact Tuncurry town centre that has diverse retail and commercial focus.

In March 2010, Council resolved:

That delegation be given to the Mayor and General Manager to finalise the brief and engage Projects & Infrastructure to undertake Stage 1 of the project.

The objective of Stage 1 was to investigate the potential of incorporating a supermarket within the Tuncurry town centre and to provide recommendations to Council on an approach that would deliver the most certain, reliable and sustainable outcomes whilst insulating Council from development, market and other risks. In developing its recommendations to Council, the consultant has taken into account a range of factors such as land availability, economic and market factors.

The first stage of the project is now complete and a report was presented by the consultants and discussed with Council on 22 June 2010.

Based on this analysis, the site at the corner of Kent Street and Peel Street (Refer to the Site Map - Annexure A) has been selected for the establishment of a full line supermarket only (ie no other specialty stores) along with provision of associated parking.

From the consultant's initial work, they have advised Council that there is a *'real and substantial opportunity to revitalise the Tuncurry retail precinct by developing a new supermarket.....(which) should be a major boost to the precinct and to the local economy.'*

In developing options under which this project may be undertaken, the consultants have recommended an approach which in their assessment will ensure the development commences in a timely manner, occurs as planned and that Council is fully and fairly compensated for its contribution, while being fully insulated from project risks.

A detailed assessment will be prepared of the options available for Council's consideration prior to seeking approval to commence the next stage of the project (Stage 2). Stage 2 will include activities necessary to be concluded prior to construction commencing such as finalising design, re-zoning and development approvals, construction contract, retail tenancy and securing finance.

Site consolidation:

Council has ownership of all but one lot within the proposed development site (containing the supermarket and associated parking). Negotiations are currently taking place with the remaining landholder.

Council has lease agreements in place over four buildings on the site, including three residential and one with Great Lakes Community Resources for use by Homebase Youth Service. Each of the residential leases has expired and is currently on a month by month basis.

The lease with Homebase Youth Services is not due to expire until 30 September 2012. In accordance with the conditions of the lease agreement:

'Should the premises be identified by the Lessor for redevelopment or other purposes during the term of this lease, the Lessor may terminate the Lease provided twelve months written notice is given to the Lessee. No compensation is payable in respect of the termination of this lease agreement in this circumstance.'

Council's approval is therefore requested to issue Great Lakes Community Resources with twelve months notice to terminate the lease.

Economic impact and financial considerations:

The Forster Tuncurry Employment Land Implementation Strategy has recognised the importance of either attracting a second anchor store to the Tuncurry town centre or the expansion of the existing anchor tenant. At the time the Strategy was prepared, there was a 17% shop front vacancy rate. The proposed development aims to revitalise the Tuncurry retail precinct for the benefit of all retailers and the community more generally.

In particular, the Employment Land Strategy states:

'The commercial focus of the Manning Street, Tuncurry Centre should be supported by its growth as a retail centre providing a range of grocery goods and services required by not only local residents but also a component for tourists.' The proposed development has the potential to compliment future developments such as the recently approved 7-storey commercial and retail development at 92 Manning Street.

A more detailed assessment of the best option to progress this proposed development will be provided in a separate future report to Council. In determining the best approach, major consideration shall be given to insulating Council from risk and limiting Council's costs. In the event of completion or disposal of the project, Council should receive fair value for its investment in the land.

Parking:

Parking implications of the supermarket have been considered and do not appear to be an impediment to the project.

Sufficient parking for a full line supermarket and existing shops can be accommodated at the site by creating some on-street angle parking and by restricting parking to time limits to cater for customers only. Provision of around 50 spaces for all-day parking will need to be accommodated elsewhere in the Tuncurry town centre. This aspect will be covered in a future, more detailed report but these spaces are likely to be provided in the area to the north of South Street.

Liaison with the business community:

The proposed development site at the corner of Kent Street and Peel Street has been selected for a number of reasons. In relation to the surrounding area, it has five access points to the main street and a good mix of retail adjacent to the location. There is also sufficient room at the rear of a number of the premises to upgrade them and create a village style atmosphere that can flow to the street.

Preliminary discussions with several local business representatives and an adjoining property owner have resulted in a very positive response due mainly to the potential economic stimulus associated with a centrally located anchor tenant and opportunities for urban renewal in the wider area.

Further discussions and consultation will be essential to ensure good connectivity between the proposed development and the existing business community, ensuring that business and property owners take advantage of the opportunities presented by the development and predicted increase in the number of shoppers to the area.

An urban renewal plan for the broader area developed in conjunction with the local business community would be seen as an appropriate way to maximise the benefits and integration of the proposed supermarket development and the revitalisation of the Tuncurry town centre.

Discussions regarding the preparation and funding of such a plan and its implementation through means such as a special business rate variation will be held with the business community.

Rezoning process:

Rezoning of a portion of the proposed development site is required to facilitate the proposed supermarket. The site proposed for rezoning is wholly owned by Council. The remainder of the site will continue as 5(a) Special Purpose (Car Parking). (Refer attached site map - Annexure A).

It is proposed to combine the rezoning process with a concurrent development application as this offers the best means of achieving the intended outcomes for the subject land in a timely manner and also provides the opportunity for the public to comment on a comprehensive planning proposal and development package for the subject site.

A draft Planning Proposal is attached for Council's consideration. Council's approval is sought to submit the proposal to the Department of Planning at this stage to ascertain the Department's initial 'gateway determination' on the proposed rezoning of the subject property.

The proposal is a document that explains the intended effect of a proposed local environmental plan (LEP) and sets out the justification for making the plan. It is the first step in preparing the LEP under the new plan-making provisions that took effect on 1 July 2009. Based on this proposal, the Department will provide an initial 'gateway determination' to confirm the technical studies and consultation required to justify the proposal. As the studies and consultation are undertaken, relevant parts of the planning proposal will be updated prior to final submission to the Department of Planning.

RECOMMENDATION:

It is recommended that Council:

1. The General Manager prepare a detailed report for Council covering the issues raised in this report and options available so as to facilitate the development of a major supermarket anchor on the identified site within the Tuncurry town centre; and
2. Council endorse the submission of the attached draft Planning Proposal to the Department of Planning (in accordance with s55 of the Environmental Planning and Assessment Act, 1979), indicating Council's intention to amend the Great Lakes Council LEP 1996 in accordance with the proposed zoning map contained in the Planning Proposal (relating to Lot 1 DP 305223, Lot 1 & 2 DP 577194 and Lot 4 DP 759005) to enable the establishment of a major anchor supermarket within the Tuncurry town centre.
3. If agreement is not reached on the acquisition of the remaining property, Council authorise the commencement of proceedings to acquire the property pursuant to Section 186(1) Local Government Act 1993 by compulsory process in accordance with the Land Acquisition (Just Terms Compensation) Act 1991.
4. Council provide twelve (12) months written notice to the Lessee of Lot 5 DP 416145, 17 Peel Street Tuncurry (on which is constructed the building known as the Homebase Youth Service), in accordance with the lease agreement between Council and the Lessee (Great Lakes Community Resources).

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ANNEXURES:

A: Site Map



In accordance with Section 375A of the Local Government Act 1993 a division is required to be called whenever a planning decision is put at a Council or committee meeting. Accordingly, the Chairperson called for a division in respect of the motion, the results of which were as follows:

FOR VOTE - Cllr M Tuffy, Cllr C McCaskie, Cllr L Roberts, Cllr K Hutchinson, Cllr L Vaughan, Cllr L Gill, Cllr J Stephens

AGAINST VOTE - , Cllr J Weate

DID NOT VOTE - Cllr J McWilliams

The Motion was carried.

6 RESOLUTION

That the application be approved subject to imposing conditions of consent as listed in the report including a condition specifying that a finished floor level height of RL 2.44 be achieved:

Cllr J McWilliams has returned from temporary absence at 10:04 AM.

PUBLIC ADDRESSES

Public Address 1 - Tuncurry CBD Project

Cllr J Weate declared a pecuniary conflict of interest and left the meeting at 10:04AM and took no further part in discussions on this item.

Cllr L Vaughan declared a non-pecuniary conflict of interest and left the meeting at 10:04AM and took no further part in discussions on this item.

Ms Carol Conti (representing Great Lakes Community Resources) addressed Council and provided a background on the services and activities facilitated by Great Lakes Community Resources. Ms Conti advised that the accommodation offered by Council has been appreciated and Great Lakes Community Resources has carried out renovations during this time. She indicated that Great Lakes Community Resources is supportive of Council's plans for the Tuncurry CBD and would appreciate working with Council to find alternative accommodation.

Ms Conti answered questions from Councillors.

DIRECTOR PLANNING AND ENVIRONMENTAL SERVICES

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RECOMMENDATION:

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(Moved K Hutchinson/Seconded J Stephens)

That the above recommendation be adopted and an onsite inspection be arranged for Councillors.

An amendment was moved by L Roberts, seconded M Tuffy that the General Manager prepare a detailed report for Council covering the issues raised in this report and options available so as to facilitate the development of a major supermarket anchor on the identified site within the Tuncurry town centre.

In accordance with Section 375A of the Local Government Act 1993 a division is required to be called whenever a planning decision is put at a Council or committee meeting. Accordingly, the Chairperson called for a division in respect of the amendment, the results of which were as follows:

FOR VOTE - Cllr M Tuffy, Cllr L Roberts

AGAINST VOTE - Cllr J McWilliams, Cllr C McCaskie, Cllr J Stephens, Cllr K Hutchinson, Cllr L Gill

ABSENT. DID NOT VOTE - Cllr L Vaughan, Cllr J Weate

The amendment was lost.

In accordance with Section 375A of the Local Government Act 1993 a division is required to be called whenever a planning decision is put at a Council or committee meeting. Accordingly, the Chairperson called for a division in respect of the motion, the results of which were as follows:

FOR VOTE - Cllr J McWilliams, Cllr M Tuffy, Cllr C McCaskie, Cllr L Roberts, Cllr J Stephens, Cllr K Hutchinson, Cllr L Gill

ABSENT. DID NOT VOTE - Cllr L Vaughan, Cllr J Weate

The motion was carried.

7 RESOLUTION

That the above recommendation be adopted and an onsite inspection be arranged for Councillors.